

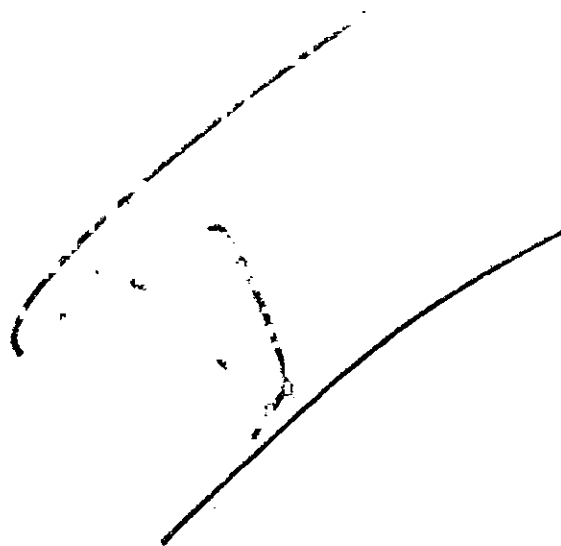
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File No. 9744/36

B CLASS

W. DEPARTMENT
& BRANCH R.

Subject: Administrative Enquiry Committee
Transfer of E.U. Undertakings to Public Corporation
Para 73, 81 & 82 of -



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File No. 9744/36

Ed. Sect. Slip 24 A

DOCKET SHEET

File No. 9744/36

P. W. DEPT.

_____ BRANCH, R

References :—

Date.	To whom sent.	Notes and instructions.

No.3063/46-B,
Political and Services Department,
Bombay Castle, 16th July 1948.

From

M. D. Hant, Esquire, C.I.E., I.C.S.,
Chief Secretary to the Government of Bombay,
Political and Services Department.

To

The Secretary to the Government of Bombay,
Public Works Department.

Subject:- Administrative Enquiry Committee
Implementation of the Recommendation of-

Sir,

I am directed to invite a reference to para 82 of the report of the Administrative Enquiry Committee and to state that for the reasons given therein the Administrative Enquiry Committee recommends that no new schemes should be started on departmental lines and that those already started should be transferred to appropriate statutory co-operation without any delay. It is understood that Government in the Public Works Department has already started developing the electric supply at Ahmedabad thermal station under the Electrical Commissioner. It is therefore requested that the Committee's recommendation may be duly considered and this Department may be favoured with your remarks so far as the Public Works Department is concerned.

Yours faithfully,

Sd/-

for Chief Secretary to the Government of
Bombay, Political and Services Department.

Bombay Electric Grid Scheme.
Electrification of small Towns.

GOVERNMENT OF BOMBAY.

Public Works Department.

Resolution No.6730/36(4).

Bombay Castle, 14th January 1947.

Memorandum from the Special Officer (Electric Grid) No. Elg.200/5841, dated the 11th October 1946. Submits the following note:-

"NURSERY" SCHEMES.

This note relates to those towns which for the present can only be electrified on the basis of a small Diesel Station. It, therefore excludes those towns and villages which are within economic reach of the North or South ~~of~~ Gujarat Grid lines and will be electrified by the Grid Department from the funds included in the ~~Nursery Schemes~~ North and South Gujarat Schemes. The note does not also include the Nursery Schemes already sanctioned by Government, under Government Resolution, Public Works Department No.6730/36(4), dated 11th October, 1945.

2. In pursuance of the former Government's policy of developing "concentrated areas" in the first instance, and in response to mostly telegraphic requests received from the various ~~Prant~~ Prant Officers, approximations were prepared for about 75 ~~mini-~~ electrification schemes. These were sent to the Secretary to Government, Public Works Department. I was subsequently asked to suggest an order of priority of ~~execu~~ execution of these schemes. This priority is given in the statement, attached hereto, ~~Enc~~ Enclosure 2. It will be noted that practically none of these schemes will be self supporting. The ~~approx~~ approximations were prepared irrespective of the economics of the schemes in ~~pursu~~ pursuance of Government policy referred to above.

3. During the interviews I have had with the Honourable Minister, Public Works Department, I understood that his wishes were that Nursery Schemes may, in the first instance, be adopted, where production of wealth, whether from industries or ~~xxx~~ ~~xxx~~ agriculture, can be increased. In the Public Works Department File No.7992/36-El(I) on Kapadwanj, the Honourable

ster, Reconstruction, has also laid down a similar policy. I accordingly propose that the criteria which may be adopted ~~policy~~ in determining whether any of the small towns should be electrified by Government during the first five year period, should be that:

- (1) the total number of houses in the town is about 2000 or more
- (2) there are cottage industries like hand weaving, oil pressing, etc., of reasonable magnitude in which hand-operated appliances can be replaced by electrically operated appliances, thereby making for appreciable increase in the earning capacity of the inhabitants and / or electrically operated irrigation pumps can be installed.

It is suggested that these schemes should not be examined only from the view point of financial surplus or deficit. The schemes should be ~~examined~~ considered as a definite part of the plan to increase industrial and agricultural production.

4. Excepting towns and villages which can economically be served from the North and South Gujarat Grid lines, I suggest that ~~Government~~ Government need not, in the first five years period ordinarily undertake electrification of any small towns or villages where conditions mentioned in paragraph 3 are not met. Applications for ~~licenses~~ for such areas received so far may be considered and licenses granted, provided the applicants are in a position to satisfy Government that they can fulfil their obligations. I am addressing Government separately in this regard.

5. Enclosure No.1 hereto gives a list of all the unelectrified towns in this Province, each of which has roundabout 2000 households and has immediate possibilities of increased production from village industries and in some cases also from agriculture. It will be noted that the total number of such towns is 21. According to the information available in this office, all these towns have villages or small scale industries, which can be converted to electric drive. The principal village industry is hand weaving. The total number of hand-looms in the various centres is about 15000. During the last

decade.....

decade or so, by means of propaganda and demonstration of the use of electrically operated looms, thousands of cities of Surat and Malegaon. The productive capacity of a power operated loom installed in the house of a weaver is 3 to 4 times (according to the type of cloth) that of the handloom. Both before and during the war, the hand weavers who had substituted their handlooms by power looms, were relatively comfortably off as compared to those, who still operated hand-looms. In the city of Surat, practically every handloom (other than those engaged on special work like Kinkhab etc) has been replaced by a power loom or converted to electric drive. There are at present about 4800 such power looms in Surat. In Malegaon, there are about 2900 power looms installed mostly in the houses of hand weavers. In the aggregate, in these two cities, nearly 8000 power looms have taken the place of the original handlooms. The production of the weavers, who have installed them, has been multiplied 3 to 4 fold. Although the entire benefit of the increased production has not been, owing to the present Bowkar system, reaped by the weaver, yet his earning has certainly increased appreciably. I am of the opinion that a combined action in the direction of (1) making electricity available in the towns in Enclosure 1, (2) arranging to supply on hire purchase system electrically operated appliances such as looms, etc., and (3) introducing co-operative finance and marketing in these towns, would yield substantial results in the ~~direction~~ direction of ~~human~~ increased production and earning capacity of the people. For example, even if half the number of existing handlooms mentioned above are replaced by power looms within 5 to 10 years' time, and actual production is increased on an average from say 8 to 28 yards a day, and 24 days are worked in a month approximately, as much as 43 million yards of additional cloth can be produced each year.

6. It is true that the plant prices are high at present. No one can say if they will come down in the near future and if so, to what extent. In my opinion, it will not be proper....

be proper to postpone indefinitely development solely because of cost. A private agency used as it is to a return of 6 to 7 per cent. tax free on ~~structures~~ ~~investments~~ its investment, will find electrification schemes of very small towns at present prices commercially unattractive. Government is differently placed. Apart from their policy to increase the productive capacity of the people, Government can today finance its undertakings at about 3 percent. If the schemes are postponed by Government on account of high cost, no one can say with certainty that when prices of plant do go down, the interest rates may not go up and thereby largely nullify the benefit of lower capital costs.

7. If electrification of the towns mentioned in Enclosure No.1 is carried out on the basis of Nursery Diesel Stations and electricity supplied at reasonably low rates, appreciable deficits will have to be met for some years. As, however, electrification is proposed to be undertaken only in those areas, where electricity will help to increase industrial production from villages and small scale industries and/or be of assistance in irrigation pumping, the deficits till the schemes become self-supporting may be considered as a ~~justification~~ justifiable nation building expenditure.

8. I Government are pleased to accept my suggestions made in the above paragraphs, I will undertake detailed investigations in respect of the towns, shown in Enclosure No.1, and submit from time to time proposals for consideration and sanction of Government.

9. In paragraph 5, I have suggested the combined action which must be taken to secure the full ~~maximum~~ benefit of electrification, Government must accordingly undertake to supply electrical appliances and wire up the premises of applicants on easy instalment terms. This must be ~~also~~ considered as a fundamental part of the proposal. In this connection, a reference is invited to my un-official reference No. Hg. 210/160 dated 10th January 1946.

As regards co-operative finance and marketing in connection with village industries, Government have already, it is understood, decided to take active steps in the matter.

10. I request that orders of Government may kindly be issued early to enable me to work out a programme of work for the current fair season."

RESOLUTION....

RESOLUTION: Government is pleased to authorise the Special Officer (Electric Grid), to undertake detailed investigations for the electrification of the towns mentioned below. The Special Officer should submit his proposals in each case for the consideration and approval of Government as early as possible.

Names of Towns.

Northern Division.

1. Dholka) Ahmedabad District.

2. Dhanduka)

Central Division.

3. Erandol)

4. Parola)

5. Dharangaon) East Khandesh District.

6. Shenduri)

7. Shahade) West Khandesh District.

8. Jalampur)

9. Peth) Satara District.

10. Akulj) Solapur District.

Southern Division.

11. Chikhodi)

12. Gokak)

13. Hukeri)

14. Konnur) Solapur District.

15. Sankeashwar)

16. Bailhongal)

17. Guledgad)

18. Ilkal) Bijapur District.

19. Sulebhavi)

20. Hungund)

21. Gajendragad) Dharwar District.

2. Orders on the Special Officers's suggestions regarding the arrangement for the supply of electrically operated appliances on hire-purchase system introduction of cooperative finance and marketing in the above mentioned towns will issue separately.

By order of the Governor of Bombay,

G.N. Pandit,
Deputy Secretary to Government.

C.R., No. 6730/36 (4), P.W.D. dated the 14th January 1947.

To

The Finance Department.

The Revenue Department.

The Reconstruction Department.

The General Department.

The Commissioners of Divisions.

The Collectors of Ahmedabad, East Khandesh, West Khandesh,

Satara, Sholapur, Dharwar, Belgaum and Bijapur Districts.

The Chief Engineer, Public Works Department.

The Special Officer (Electric Grid).

The Electrical Engineer to Government.

The Superintending Engineers, Northern, Central and

Southern Circles.

The Executive Engineers, Ahmedabad, Khandesh, Satara, Dharwar,

Belgaum, Sholapur and Bijapur Divisions.

The Director of Publicity (with a request to issue a press
note regarding paragraph 1 of the resolution.).

The Accountant General, Bombay.

No. of 1947.

Copy forwarded for information and guidance to-

Letter.
In duplicate.
(One copy kept in
file No.9742/36).

No.G.92/12858
Electric Grid Offices,
Foreshore Road,
Bombay 1: 26th July, 1948.

To

The Secretary to Government,
Public Works Department,
Bombay.

Subject:- Report of the Administrative
Enquiry Committee, ~~1947~~ 1948.

Reference :- (i) Government letter, P.W.D.,
No. 8306/36-E (II), dated
9th July, 1948, and
(ii) Government endorsement,
P.W.D., No.9744/36-E(R),
dated 23rd July, 1948.

Paragraphs 41, 73, 81, 82 and 98 contain references to
the Electric Grid Department. I submit my remarks on these
paragraphs.

2. Para. 41 :- A mention is made that a Special Office
for the Electric Grid was appointed during the Section 93 regi
This does not call for any remarks.

3. Para. 73 :- It has been suggested that the Electric
Grid and the Motor Transport Schemes are both intended in the
long run not only to repay ~~expenses~~ expenditure incurred on the
but to contribute to the revenues of the Province. It is stat
that if the capital expenditure and staffing are proceeded w
under present inflated conditions of prices and wages, the
changes of these ~~enterprises~~ enterprises proving remunerative are
small. According to the Committee, ~~expenses~~ expenditure by
Government on commercial investment should be undertaken in
times of incipient depression, and certainly not in times of
continuing inflation. Although it has not been stated in so
many words that the Electric Grid Schemes should not be furth
developed under the present ~~inflationary~~ inflationary prices, it is
inferred that that is what is ~~sugg~~ suggested.

Section 59 of the Indian Electricity (Supply) Bill, 1948, under which Provincial Electricity Boards would be set up, which will undertake development of Electric Supply, provides that the Boards shall not, as far as practicable and after taking credit for any subventions from the Provincial Government under Section 63, carry on their operations under the said Act at a loss, and shall adjust their charges accordingly from time to time. It would appear to me to be inherent in this that it is not intended that the Electric Grid should ordinarily contribute to the revenues of the Province, as has been stated by the Committee. The idea would be that the Provincial Electricity Board should sell electricity - which is a tool of production - as cheaply as possible, and not adjust its charges with a view to making ~~xxxx~~ contributions to the Provincial Revenues.

The other point raised by inference is that Electric Grid Schemes should not be further developed under the present inflationary prices.

If this view were accepted, it will go counter to the policy underlying the establishment of the Electric Grid Department. There is no knowing when the prices will come down. It has been accepted that it is of the utmost importance that all possible steps should be taken to increase production of food-stuffs and consumers' goods in India as quickly as possible. Obviously, availability of Electric Supply is one of the most important steps towards this end. It is presumably on that account that Hydro and Thermal Electric developments are being pushed forward by the Government of India and the various Provincial Governments. It must be recognised that Electric Supply is an essential tool of production and that it may take many years to develop and put into commission on a big, ~~Takes~~/Thermal or a Hydro-Electric Project. The requirement of power, both for agriculture ~~transportation~~ and industries, is a constant and continuously developing factor. In this Province, or for the matter of that, in any part of India, it will be many long years before anything like saturation point ~~is~~ in the matter of ~~development~~ development of Electric Supply is reached, if, as is intended, we want to increase our agricultural and industrial production substantially, say ~~xxxx~~ three or fourfold and to raise the standard of living of our people appreciably. It will be necessary to go on developing Electric Supply

over a long number of years. If, happily in 3,4,5 or more years from now, prices do come down substantially, plants will still be ordered then for extensions and new developments which will help lower down the average total capital cost of the Electric Stations. There is no stoppage of development of Electric Supply anywhere in the world merely on account of high prices. In England, the British Electricity Board has under way a programme of development, involving capital expenditure of about £.100 million Sterling. I am of the opinion that development of Thermal and Hydro-Electric Schemes should be continued as at present intended.

4. Paras.81 & 82 :- The Committee have stated that the Government of Bombay have already undertaken two schemes of major importance- one of them being the generation and distribution of Electric Supply. The Committee ~~and~~ recognizes that " the advantages of an Electric Grid are obvious." They have noted that Government have already decided to entrust these Schemes to Statutory Boards or Corporations. They are in agreement with this decision of Government and recommend that no new schemes should be started on ~~xxxxxx~~ ~~xxxxxx~~ Departmental lines and those already started should be transferred to the Statutory Boards without delay.

The Indian Electricity (Supply) Bill, 1948, has passed the Select Committee stage. It is expected that it will be enacted by the Indian Constituent Assembly (Legislative) during its next Session, which is likely to be held in August-September, this year. As soon as the Bill is enacted, it will be possible for the Bombay Government to constitute the Provincial Electricity Board. I would recommend that preliminary steps should be taken in this direction so that the Board may be brought into existence as soon as the Bill is passed.

The various schemes sanctioned by Government are in different stages of development. The North Gujarat Scheme, to which presumably reference in paragraph 82 ~~xxxxxx~~ of the Report is made, is already under construction. The 66,000 Volt transmission line itself is nearing completion. Other machinery, such as power ~~xxx~~ transformers and switchgear, etc. are expected to

arrive.....

at site commencing from the beginning of the next year. Likewise, so far as the South Gujarat Scheme is concerned, all the plant and machinery for the Power House at Surat are already on order and some of the machinery will start arriving at site in the beginning of the next year. Similarly, for the various Nursery Schemes in the Ratnagiri District, Surat and Bulsar Talukas, etc., plant and machinery has already been ordered; power house buildings are half-way up, and much of the machinery and equipment has been received at site or is expected to be received very shortly. The survey work in connection with the Koyna Hydro-Electric Scheme is more than half completed. Most of the work on preliminary survey of Kalinadi is completed. Obviously, it will not be in public interest to delay completion of any of these Schemes. Sooner they are put into commission, the sooner they will start to pay their way. As mentioned above, the Indian Electricity (Supply) Bill is likely to be enacted in the course of the next few weeks. It is presumed that Government will set up a Provincial Electricity Board without delay and hand over all this work to the Board during the course of the next few months. The question, therefore, of no new schemes being undertaken on Departmental lines before the Board comes into existence is not of practical importance so far as the Grid is concerned.

5. Para.98 :- Under Chapter VI- Secretariat Organisation - the Committee have recommended that no technical officer should be Secretary for any of the Secretariat Departments. According to the Committee, the Secretary should always be a non-technical man. In line with this opinion, they have recommended that the ~~Secretary~~ Secretary for the Public Works Department should be a member of the Indian Civil Service or Indian Administrative Service. They have also suggested that the Electric Grid Department should be transferred from the Public Works Department of the Secretariat to the new Secretariat Department of "Trade and Industries".

So long as the Electric Grid Department remains a Department of Government, the execution of works being of the same character as work of P.W.D., the same rules will apply. Only a few minor modifications will be made to suit the revenue earning prospects

of the....

of the Schemes. The audit agency of the Government will be the same for the P.W.D. and the Electric Grid Department. In view of this, if the Electric Grid Department is transferred to the ~~proposed~~ proposed new Department of Trade and Industries, there are likely to be cross-references between the two Secretariat Departments, making for some delay in disposal. It must be noted, however, that it is likely that by the time decisions on the Committee's recommendations are taken and implemented, the Provincial Electricity Board will have been constituted. The working of the Board will be based on commercial practices and references to Government will then be more or less limited to matters of policy and finance.

Sd/-

Electrical Commissioner
with the Government of Bombay.

a/26.7.48

No.3063/46-30397-B
Political and Services Department,
Bombay Castle, 6th August 1948.

From

M.D. BHAT, Esquire, C.I.E., I.C.S.,

Chief Secretary to the Government of Bombay,
Political and Services Department.

To

The Secretary to the Government of Bombay,
The Public Works Department.

Subject:- Administrative Enquiry Committee.

Implementation of the recommendations
of the -Paragraph 82-.

Sir,

I am directed to invite your attention to this Department
letter No.3063/46-B dated the 15th July 1948, on the subject noted
above, and to request you to expedite and a reply thereto.

) Yours faithfully,

Sd/-

For Chief Secretary to the Government of
Bombay,
Political and Services Department.

under

15/

Letter.

No.9744/36-E(R).

Public Works Department.
Bombay Castle, 9th September 1948.

To

The Chief Secretary to the Government of Bombay,

Political and Services Department.

Subject:- Administrative Enquiry Committee:

Implementation of the recommendation of the-

Paragraph 82-

.....

Reference: Your letter No.3063/46-30597-B, dated the 6th August 1948.

2. In view of the passing the Indian Electricity (Supply) Bill, 1948, by the Dominion Parliament, in its present Session, the existing Grid Organization will be shortly transferred to an ~~autonomous~~ autonomous Board, along with the schemes and commitments made by the Government so far, in that connection.

3. The Various Electric Grids Schemes, sanctioned by Government are in different stages of development. This Department is of the opinion that whatever schemes have been announced by Government will have to be kept going and investigation on them must be undertaken through the existing Grid authority, until such time as the organization is takeover by the Electricity Board.

Sd/-

20/9/48

for Deputy Secretary to the Government of Bombay,

Public Works Department.

D.A.:-Nil.

2ND REMINDER.

No. 3063/46-3057.
Political and Services Department,
Bombay Castle, 14th September 1948.

From

H.D. Bhat, Esquire, CIE. ICS.

Chief Secretary to the Government of Bombay,
Political and Services Department.

To

The Secretary to Government of Bombay,
(Public Works Department.

Subject:- Administrative Enquiry Committee

Implementation of the 2 recommendations of the --- Paragraph 82.

Sir,

I am directed to invite your attention to this Department letter No.3063/46-B dated the 15th July 1948 and the subsequent reminder No.3063/46-30397-B dated the 6th August 1948 and to enquire when a reply can be expected.

Yours faithfully,

Sd/-

For Chief Secretary to the Government of
Bombay,

Political and Services Department.